

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

15-1029

SB 239-FN, *relative to application of the Internal Revenue Code to provisions of the business profits tax.*

House Way & Means Committee

Section one of SB 239 amends RSA 77-A:1, XX of the Business Profits Tax (BPT) by requiring that for all taxable periods beginning on or after January 1, 2016, taxpayers will calculate their BPT liability using the Internal Revenue Code (IRC) of 1986, “as amended.” This would effectuate automatic or “rolling” conformity with any federal amendments to the Internal Revenue Code as they are made.

Under current law, every business organization must account for the differences between the IRC in place on December 31, 2000 and the changes made to the IRC by Congress from January 1, 2001 to the end date of the New Hampshire business tax return.

Section two of SB 239 repeals RSA 77-A:3-a and reenacts it to read that business organizations shall apply the IRC consistent with the provisions of this chapter except that IRC Section 168(k) and 199 shall not apply and the deduction pursuant to IRC Section 179(a) is limited to \$25,000. As a result, taxpayers must account for and eliminate the federal impact of these three provisions on their NH BPT return.

Section three of SB 239 requires the Commissioner of the Department of Revenue to report at least biennially on any changes to the IRC, Treasury Regulations, or administrative ruling that impact New Hampshire.

The fiscal impact of this bill is indeterminable. Although the DRA has determined the changes to the IRC that have been made since December 31, 2000, the DRA is unable estimate the fiscal impact of these changes on BPT revenues because the DRA cannot predict which federal tax provisions would apply to New Hampshire taxpayers for their current and future tax returns or how those changes might impact each taxpayer’s overall tax liability.

This proposed bill shall be effective upon passage and shall be applicable to taxable periods and property place in service on or after January 1, 2016.

The Department of Revenue (DRA) could administer this bill without any additional costs that could not be absorbed within the Department’s operating budget.